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Notice to excise tax licensees in the Canadian fuel industry sector

In December 2011, the Canada Revenue Agency (CRA) issued a notice the purpose of which was to ensure that excise tax licensees within the Canadian petroleum industry are fully aware of the provisions relating to fuel purchased on an excise tax exempt basis.

Section 48 of the *Excise Tax Act* allows licensed manufacturers to apply to the CRA to be considered as manufacturers of “similar goods” sold in conjunction with goods of their manufacture, thereby permitting the similar goods to be purchased tax exempt.

The notice is designed to ensure the consistent application of the provisions relating to fuel purchases for subsequent resale by licensees with the petroleum industry. Any tax-exempt purchases of fuel for resale that are being made contrary to the manufacturer licensing provisions or section 48 authorizations will no longer be permitted. The CRA is establishing a grace period until March 1, 2012, to permit all licensees to ensure that any fuel purchased or on hand is accounted for appropriately. For further information, see *Excise Taxes and Special Levies Notice ETS176, Notice to Excise Tax Licensees in the Canadian Fuel Industry Sector*.

Legislative proposals for GST/HST

On October 31, 2011, the Department of Finance released for public comment, *News Release 2011-108*, a package of draft legislative proposals relating to a number of technical changes to the *Income Tax Act*, the *Income Tax Amendments Act, 2000*, the *Income Tax Regulations*, and the *Excise Tax Act*.

Online services for business accounts: To view account information and do transactions go to www.cra.gc.ca/representatives, if you are an authorized representative or employee; or www.cra.gc.ca/mybusinessaccount, if you are the business owner. See the article in this issue of the *Excise and GST/HST News* for more information.

GST/HST NETFILE: Faster processing and refunds, immediate confirmation of receipt, and no postal costs. Go to www.cra.gc.ca/gsthst-netfile or through www.cra.gc.ca/representatives, if you are an authorized representative or employee; or www.cra.gc.ca/mybusinessaccount, if you are the business owner.

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One of the technical amendments proposes to add new section 177.1 to the *Excise Tax Act*, which if enacted, would provide that a collective society or a collecting body must, for the purpose of determining tax payable in respect of the supply of a service of collecting or distributing the levy on blank media under the *Copyright Act*, use a formula to calculate the value of the consideration for their supply of that service to an eligible author, eligible maker, or eligible performer or for their supply of that service to another collective society. Specifically, the formula would deem the value of the consideration to be equal to the value of the consideration for the supply, as otherwise determined for GST/HST purposes, minus part of the value of the consideration that is exclusively attributable to the collection and distribution of the levy on blank media.

In addition, the proposals include technical changes relating to the reporting of recaptured input tax credits.

Acceptable documentary evidence when making sales relieved of tax to Indians

The conditions in the CRA administrative policy, Technical Information Bulletin B-039, *GST/HST Administrative Policy - Application of the GST/HST to Indians*, must be met in order for supplies of property and services made to Indians to be relieved of tax.

One of the conditions in B-039 is that an Indian must present proof of registration under the *Indian Act* to a vendor in order to acquire property or services on a reserve without paying the GST/HST. Generally, the CRA will accept as proof of registration under the *Indian Act* the Certificate of Indian Status card (status card) issued by Aboriginal Affairs and Northern Development Canada (AANDC) (formerly Indian and Northern Affairs Canada) to eligible Indians.

On January 31, 2011, the *Gender Equity in Indian Registration Act* (Bill C-3) came into force. This legislation allows eligible grandchildren of women who lost status as a result of marrying non-Indian men to apply for registration as Indians under the *Indian Act*. Also, on September 22, 2011, an Order-in-Council created the Qalipu Mi'kmaq First Nation band. With the creation of the Qalipu Mi'kmaq First Nation band, members are now eligible to apply for registration as Indians under the *Indian Act*.

AANDC will issue a Temporary Confirmation of Registration Document (TCRD) that will be valid for a period of 12 months from the date issued to newly registered Indians who qualify under the *Gender Equity in Indian Registration Act* and to Qalipu Mi'kmaq First Nation band members. The TCRD will contain the name of the individual, a registration number, the effective date of registration and the expiration date of the TCRD. On the bottom right-hand corner of the TCRD there will be a raised seal of the Indian Registrar to show its authenticity.

Vendors can accept the TCRD issued to Indians by AANDC as proof of registration when making sales to Indians on a tax-relieved basis. The Indian must show his/her original TCRD to the vendor. A photocopy of a TCRD presented by an Indian does not qualify as sufficient documentary evidence. See GST/HST NOTICE264, *Sales Made to Indians and Documentary Evidence - Temporary Confirmation of Registration Document* for complete details.

As well, vendors must maintain adequate evidence that a sale for which no GST/HST was payable was made to an Indian. The CRA will accept as adequate evidence a notation on the invoice or other sales document that is retained by the vendor of the registry number, or the band name and family number, found on the status card, or the registration number and the expiration date of the TCRD.

Buffalo Point and Songhees First Nations implement the First Nations Goods and Services Tax

The Buffalo Point First Nation implemented the First Nations Goods and Services Tax (FNGST) as of October 3, 2011. The FNGST applies to supplies made on the lands of the Buffalo Point First Nation that are listed in Schedule 1 to the *First Nations Goods and Services Tax Act* (each reserve of the Buffalo Point First Nation that is not shared with another band). The Buffalo Point First Nation had previously implemented a First Nation Tax (FNT) that applied in respect of sales on reserve of fuel, alcoholic beverages and tobacco products. The Buffalo Point FNT was discontinued when the FNGST came into force. The Buffalo Point First Nation is the first band in Manitoba to implement the FNGST. For further information see GST/HST NOTICE267, *Buffalo Point First Nation Implements the First Nations Goods and Services Tax*.

The Songhees First Nation implemented the FNGST as of December 29, 2011. The Songhees FNGST applies in respect of supplies that are made on the lands of the Songhees First Nation that are listed in Schedule 1 to the *First Nations Goods and Services Tax Act* (reserves of the Songhees First Nation). For further information see GST/HST NOTICE268, *Songhees First Nation Implements the First Nations Goods and Services Tax*.

A list of First Nations that have implemented an FNGST can be found on the CRA's Web site at www.cra.gc.ca/fngstlist.

Ontario First Nations point-of-sale relief – reporting requirements for GST/HST registrants

Since September 1, 2010, GST/HST registrant suppliers in Ontario are allowed to credit eligible purchasers (Status Indians, Indian bands, and councils of an Indian band) at the time of sale with an amount equal to the 8% provincial part of the HST on qualifying off-reserve supplies of property or services. GST/HST registrant suppliers are required to report the amount of HST collectible in respect of the supplies at the full 13% rate on line 105 of their GST/HST return and the amounts credited to eligible purchasers on line 111 of their GST/HST return. GST/HST registrant suppliers report the amount credited on Form GST189, *General Application for Rebate of GST/HST*.

Note that the amount credited to eligible purchasers should not be taken as a deduction in the calculation of net tax. Also, GST/HST registrant suppliers are required to use one of the following methods to report the amount credited:

- complete and file Form GST189, *General Application for Rebate of GST/HST*, or
- complete and submit the rebate form using GST/HST NETFILE at www.cra.gc.ca/gsthst-netfile or My Business Account at www.cra.gc.ca/mybusinessaccount.

The filing requirements above should be strictly adhered to in order to prevent penalties and interest related to your crediting eligible purchasers with the Ontario First Nations point-of-sale relief.

For more information on GST/HST filing requirements, please see GST/HST Info Sheet GI-106, *Ontario First Nations Point-of-Sale Relief - Reporting Requirements for GST/HST Registrant Suppliers*.

Tax relief for specially-equipped motor vehicles

Zero-rated goods and services

A supply of an auxiliary driving control that is designed to be attached to a motor vehicle to facilitate the operation of the vehicle by an individual with a disability is zero-rated, meaning it is taxable at 0%. Suppliers are not required to collect or remit the GST/HST on these supplies. A service of installing, maintaining, restoring, repairing or modifying the auxiliary driving control is also relieved of the GST/HST along with any part, accessory, or attachment that is specially designed for the auxiliary driving control.

In addition, a service of modifying a motor vehicle to adapt it for the transportation of an individual using a wheelchair is zero-rated as is any property used in conjunction with this modification service (other than the vehicle itself).

Rebate for the purchase of a qualifying motor vehicle in Canada

A partial rebate is available for the GST/HST paid on the purchase of a qualifying motor vehicle. A "qualifying motor vehicle" means a motor vehicle that is equipped with a device designed exclusively to assist in placing a wheelchair in the vehicle without having to collapse the wheelchair or with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability.

This rebate is available for the GST/HST on the portion of the purchase price of the qualifying motor vehicle that is attributable to special features incorporated into, or adaptations that have been made to the motor vehicle that:

- enable an individual who uses a wheelchair to use the vehicle;
- enable the transportation of an individual using a wheelchair; or
- equip it with an auxiliary driving control to facilitate the operation of the vehicle by an individual with a disability.

The rebate can be provided by the supplier or it can be claimed by the purchaser by sending a completed Form GST518, *GST/HST Specially Equipped Motor Vehicle Rebate Application* to the CRA. Please note that a rebate is not available unless the supplier certifies in writing the portion of the purchase price of the motor vehicle that can reasonably be attributed to the vehicle's special features or adaptations for purpose of its use by, or in transporting an individual using a wheelchair or to equip the vehicle with an auxiliary driving control.

Rebate for the purchase of a qualifying motor vehicle from outside Canada or outside a participating province

A partial rebate of the GST/HST is available where a person purchases a qualifying motor vehicle from outside Canada or from outside a participating province and then imports the vehicle into Canada or brings it into a participating province.

Where a qualifying motor vehicle purchased outside Canada is imported into Canada, a rebate is available for the portion of the GST/HST payable upon importation based on the portion of the purchase price of the vehicle that is attributable to the vehicle's special features that have been incorporated into, or adaptations that have been made to the vehicle. The supplier must certify in writing the portion of the purchase price of the motor vehicle that can reasonably be attributed to the vehicle's special features or adaptations for purpose of its use by, or in transporting an individual using a wheelchair or to equip the vehicle with an auxiliary driving control. The rebate will also include the GST/HST payable on the amount of duties and any taxes in respect of the importation of the vehicle calculated on the portion of the purchase price of the vehicle attributable to the special features or adaptations.

Where the qualifying motor vehicle is brought into a participating province, a rebate will be available for the provincial portion of the HST payable upon bringing the vehicle into a participating province calculated on the portion of the purchase price of the vehicle attributable to the special features or adaptations to which the tax rate for the participating province applies.

Rebates for these modification services can be claimed on Form GST518, *GST/HST Specially Equipped Motor Vehicle Rebate Application*.

Relief from the GST/HST on leases of qualifying motor vehicles

Tax relief is also provided on leases of qualifying motor vehicles. This relief does not take the form of a rebate. Instead, the GST/HST does not apply to the portion of each lease payment that is reasonably attributable to the special features incorporated into, or adaptations made to the vehicle to enable its use by an individual using a wheelchair, to enable the transportation of an individual using a wheelchair or to equip the vehicle with an auxiliary driving control for use by an individual with a disability. To qualify for this relief, the lessor must identify in writing, the portion of the lease payment that is attributable to the special features or adaptations.

Rebate for modification services performed outside Canada or outside a participating province

There are also partial rebates of the GST/HST available where a person acquires a service performed outside Canada or outside a participating province of modifying a motor vehicle and then imports the vehicle into Canada or brings it into a participating province.

To qualify for these rebates, the modification service must be for the purpose of specially equipping or adapting the vehicle for use by an individual using a wheelchair, to enable the transportation of an individual using a wheelchair or to equip the vehicle with an auxiliary driving control for operation by an individual with a disability.

Where the modified vehicle is imported into Canada, the rebate is available for the portion of the GST/HST payable upon importation calculated on the portion of the value of the vehicle that is attributable to the modification service and any property supplied in conjunction with that service. The rebate will also include the GST/HST payable on the amount of duties and any taxes in respect of the importation of the vehicle calculated on the portion of the value of the vehicle attributable to the modification service and property supplied in conjunction with that service.

Where the modified vehicle is brought into a participating province, a rebate is available for the provincial portion of the HST payable upon bringing the vehicle into a participating province calculated on the portion of the value of the vehicle attributable to the modification service and any property supplied in conjunction with that service to which the tax rate for the participating province applies.

Rebates for these modification services can also be claimed on Form GST518, *GST/HST Specially Equipped Motor Vehicle Rebate Application*.

Please contact GST/HST Rulings at 1-800-959-8287 for additional information.

Automated messages to new GST/HST registrants and new employers

In June 2010, the CRA launched a pilot project that involved sending automated phone messages to new taxpayers. The pre-recorded messages remind taxpayers of their first filing and remitting deadlines.

The entire automated message is 55 seconds in length with key information being delivered within the first 11 seconds. No personal information is given out in the filing and remitting due date reminders, and the CRA does not request any personal information from taxpayers.

Initial findings indicate that new employers, contacted by the CRA through the use of these messages are 16% more likely to comply with their initial filing requirements than those not contacted, while new GST/HST registrants are 22% more likely to comply with their initial filing requirements than those not contacted.

The pilot was originally scheduled to end in January 2011, but has been extended to allow for a more comprehensive analysis of the ongoing compliance behaviour of registrants and employers who have received the reminder messages. The additional time will allow the CRA to fully investigate the potential for using this technology as a way of assisting taxpayers in meeting their filing and remitting obligations.

Online services built for businesses

Going online makes good business sense. Take control of your business's tax accounts, and instantly access and make changes to tax information online. With CRA's online secure portals, you can:

- authorize a representative for **online access** to your business accounts
- file and adjust a GST/HST return without a Web access code; and, view a processed return line-by-line along with the processing status (enhanced service)
- file and adjust a Public Service Bodies' (PSB) rebate (new services) for registrant and non-registrant PSB filers
- file Form GST189, *General application for Rebate of GST/HST* for Ontario First Nations point-of-sale relief through My Business Account when filing a GST/HST return
- view notices and statements
- view up-to-date account balances and transactions
- view endorsements
- transfer payments within a program account and between program accounts of the same nine-digit business number and immediately view updated balances
- make online requests (for example, request additional remittance vouchers)
- calculate instalment payments
- view representative's transactions (new service)
- view address and banking information
- view messages in the Message Centre about new electronic services or other information (new service)

To access our online secure portals, for:

- business owners, go to www.cra.gc.ca/mybusinessaccount
- representatives (including employees), go to www.cra.gc.ca/representatives

New online account enquiries service

Beginning April 16, 2012, your business and its representatives will be able to ask questions about your tax accounts online and the CRA will answer electronically, so you'll have your answer in writing. You will still use existing online options to request changes and initiate transactions, however, the new service complements these options by answering specific tax account-related questions for these business accounts:

- GST/HST
- corporation income tax
- excise duty
- excise tax

-
- excise tax on insurance premiums
 - air travellers security charge
 - softwood lumber products export charge

Please note that to get other types of information **not** included in this service, go to:

- www.cra.gc.ca/business for general information
- www.cra.gc.ca/payroll for payroll deductions information
- www.cra.gc.ca/gsthstrulings for GST/HST rulings and interpretations

This new “Enquiries service” will have all current options of the “Make online requests” service as well as a new “Submit an enquiry” option.

To access the “Enquiries service” or “View correspondence” service:

- business owners, go to www.cra.gc.ca/mybusinessaccount
- representatives (including employees), go to www.cra.gc.ca/representatives

Authorization

Please note, only representatives with a level 2 authorization will have access to the “Enquiries service”.

To change the level of authorization, the business owner can use the “Authorize or manage representatives” service in My Business Account or send another completed GST/HST Form RC59, *Business Consent Form*.

Checking for a message

We will strive to post our response in the “View correspondence” service within 10 business days. Depending on the nature of the enquiry, it may take us longer to respond.

Once we have posted the response online, if you ticked “yes” to be notified by email, we will send an email to the address that you submitted with your question. When you login, you will find a message in the “Message Centre” instructing you to view the response electronically using the “View correspondence” service.

Getting help

If you need help accessing services or using any of our online services, go to www.cra.gc.ca/contact and under: “How you can contact us” select “Telephone numbers for enquiries”; then under “Enquiries” look for “e-Services Helpdesk for businesses” and select the link on the right, “Phone numbers and hours of service”.

When you call, please be ready to give the screen number (bottom right of screen); and if applicable, the error code and message received.

Sending us feedback and suggestions

We will continue improving our online services in an effort to meet your needs. Starting on April 16, 2012, you will be able to send us your feedback and suggestions through our new “Suggestions” service.

Prescribed rates of interest

The prescribed annual rate of interest in effect from January 1, 2012, to March 31, 2012, on overdue amounts payable to the Minister is 5%. The prescribed annual rate of interest on amounts owed by the Minister (i.e., rebates or refunds) is 1% for corporate taxpayers and 3% for non-corporate taxpayers. These rates are applicable to income tax, excise tax, the softwood lumber products export charge, GST/HST and the air travellers security charge (ATSC) and excise duty on wine, spirits and tobacco.

The prescribed annual rate of interest respecting excise duty on beer, on overdue amounts payable for the indicated period, is set at 3%. Refund interest rates are not applicable for amounts owed by the Minister (i.e., rebates or refunds) for excise duty that is in relation to beer.

Period	Income Tax, Excise Tax, Softwood Lumber Products Export Charge, GST/HST and ATSC, Excise Duty (wine, spirits, tobacco)		Excise Duty (beer)
	Refund Interest	Arrears and Instalment Interest	Arrears Interest
2012			
January 1 – March 31	1% corporate taxpayers 3% non-corporate taxpayers	5%	3%
2011			
October 1 – December 31	1% corporate taxpayers 3% non-corporate taxpayers	5%	3%
July 1 – September 30	1% corporate taxpayers 3% non-corporate taxpayers	5%	3%
April 1 – June 30	1% corporate taxpayers 3% non-corporate taxpayers	5%	3%

Prescribed interest rates for previous years are available on the CRA Web site at www.cra.gc.ca/interestrates.

What's new in publications

The following is a list of new or revised excise and GST/HST forms and publications.

GST/HST forms

GST111	<i>Financial Institution GST/HST Annual Information Return</i>
GST189	<i>General Application for Rebate of GST/HST</i>
GST489	<i>Return for Self-Assessment of the Provincial Part of Harmonized Sales Tax (HST)</i>
GST495	<i>Rebate Application for Provincial Part of Harmonized Sales Tax (HST)</i>
GST499-1	<i>First Nations Tax (FNT) Schedule</i>
RC1A	<i>Business Number (BN) - GST/HST Account Information</i>
RC1C	<i>Business Number (BN) - Import/Export Account Information</i>
RC4530	<i>Election or Revocation of an Election to use a Production Proxy to Report the Recapture of Input Tax Credits</i>
RC7000-BC	<i>British Columbia Provincial Sales Tax (PST) Transitional New Housing Rebate</i>
RC7000-ON	<i>Ontario Retail Sales Tax (RST) Transitional New Housing Rebate</i>
RC7003-BC	<i>British Columbia Provincial Sales Tax (PST) Transitional New Housing Rebate for Certain Non-Registrants</i>
RC7003-ON	<i>Ontario Retail Sales Tax (RST) Transitional New Housing Rebate for Certain Non-Registrants</i>

GST/HST notices

NOTICE268 *Songhees First Nation Implements the First Nations Goods and Services Tax*

GST/HST guides

RC2 *The Business Number and Your Canada Revenue Agency Program Accounts*
RC4028 *GST/HST New Housing Rebate - Includes Forms GST190, GST191, GST191-WS, GST515 and RC7190-WS*
RC4072 *First Nations Tax (FNT)*
RC4091 *GST/HST Rebate for Partners - Includes Form GST370*

GST/HST info sheets

GI-124 *Municipal Designation of Organizations Providing Rent Geared to Income Housing*

GST/HST technical information bulletins

B-002 *Coupons and Bottle Deposits (note added)*

GST/HST memoranda

8-6 *Input Tax Credits for Holding Corporations and Corporate Takeovers*
9-1 *Taxable Benefits (Other than Automobile Benefits)*
9-2 *Automobile Benefits*

Excise duty notices – Excise Act

EDBN17 *K50B Filing and Payment Schedules for Brewers (2012-2013)*

Excise taxes and special levies notices

ETSL64 *List of Vehicles and Associated Tax Rates for 2012 (related document)*
ETSL76 *Notice to Excise Tax Licensees in the Canadian Fuel Industry Sector*

Softwood lumber products export charge notices

SWLN42 *Surge Charge – Alberta Region (November 2011)*

All GST/HST, Excise Duty, and Excise Taxes and Special Levies publications can be found on the CRA Web site at www.cra.gc.ca/gsthsttech, at www.cra.gc.ca/etsl, and at www.cra.gc.ca/exciseduty.

Enquiries

For online access to business accounts, such as view up-to-date account balances and transactions, transfer payments, and more for your GST/HST, softwood lumber products export charge, air travellers security charge as well as excise taxes and duty accounts, go to:

- www.cra.gc.ca/representatives, if you are an authorized representative or employee; or
- www.cra.gc.ca/mybusinessaccount, if you are the business owner.

For technical help while using our online services for:

- business accounts, call 1-877-322-7849
- teletypewriter users, call 1-888-768-0951
- calls outside of Canada and the United States, call collect 709-772-8371

Please have the screen number (bottom right); and if applicable, the error number and message received on hand when calling.

For general information and to make enquiries regarding your account (except for softwood lumber products export charge accounts), call Business Enquiries at 1-800-959-5525.

For enquiries regarding your softwood lumber products export charge account, call 1-800-935-0313.

To make enquiries regarding the status of specific GST/HST domestic rebate claims, call 1-800-565-9353.

For GST/HST technical enquiries call GST/HST Rulings at 1-800-959-8287.

Forms and publications

To access forms and publications online go to www.cra.gc.ca/orderforms.

To order forms and publications by telephone call 1-800-959-2221.

Are you a GST/HST registrant located in Quebec?

To make an enquiry or obtain information on the GST/HST, contact Revenu Québec at 1-800-567-4692 or visit their Web site at www.revenuquebec.ca.

The *Excise and GST/HST News* is published quarterly and highlights recent developments in the administration of the goods and services tax (GST) and harmonized sales tax (HST), First Nations goods and services tax (FNGST) and First Nations tax (FNT), softwood lumber products export charge, air travellers security charge (ATSC) as well as excise taxes and duties. If you would like to receive a link to each new edition of the *Excise and GST/HST News* as it is published, subscribe to the electronic mailing list.

This publication is provided for information purposes only and does not replace the law, either enacted or proposed. Please note that any commentary in this newsletter regarding proposed measures should not be taken as a statement by the CRA that such measures will in fact be enacted into the law in their current form. Comments or suggestions about the newsletter should be sent to the Editor, *Excise and GST/HST News*, Legislative Policy and Regulatory Affairs Branch, CRA, Ottawa, ON K1A 0L5.